# UK education construction faces short-term slump amid long-term government investment



The education construction sector in the UK experienced a notably weak quarter in the three months to July 2025, with significant declines in project starts, main contract awards, and detailed planning approvals compared to both the previous quarter and the same period last year. Project starts dropped by 36%, while main contract awards fell by over half, at 52%, and detailed planning approvals decreased by 44%. Notably, no major projects valued over £100 million reached these stages during this period, although smaller projects under £100 million saw modest growth in starts compared to the prior three months. This downturn underscores a challenging short-term environment for education construction amid broader market pressures.

Despite this recent slowdown, the outlook for the sector remains cautiously optimistic due to substantial government investment plans. The 2025 Spending Review outlined a commitment of around £2.4 billion annually over the next four years for the School Rebuilding Programme, reflecting a significant boost in funding compared to previous years. Additionally, annual spending on maintenance and repairs for school infrastructure is set to rise by approximately £400 million, reaching £2.3 billion by 2029-30. These initiatives aim to address the long-term needs of the education estate, signalling a supportive backdrop for future growth in education construction.

Breaking down activity by the type of project, schools continued to dominate, accounting for 62% of project starts with a total value of £638 million, although this figure represented a decline of 43% from the previous year. Colleges bucked the overall downward trend, showing an 8% increase in starts to £284 million, and representing the second largest share of project activity at 27%. In contrast, universities saw a sharp decrease of 61% in project starts, falling to just £64 million, highlighting variable fortunes within the education subsectors.

Regionally, the picture was mixed but broadly consistent with national trends. The East of England emerged as the most active region, with project starts valued at £208 million, a threefold increase compared to the previous year and accounting for 20% of the national total. The North East also experienced robust growth, with a 68% rise in project starts to £183 million, representing 18% of the total. The East Midlands, Scotland, and the West Midlands similarly enjoyed sharp growth in project starts. However, there were declines in detailed planning approvals in certain areas such as the North East, which fell slightly by 3%. The West Midlands led planning approvals with a 62% year-on-year increase to £230 million, constituting 25% of all detailed planning approvals.

This current volatility contrasts somewhat with earlier periods in 2025 when the sector saw signs of rebound. For instance, data from the first quarter of 2025 showed a 37% year-on-year decline in project starts but also a 17% increase in detailed planning approvals, pointing towards a potentially stronger pipeline of future projects. Moreover, independent industry analyses anticipate a modest 3% growth in education construction projects starting on-site during 2025, driven largely by increased capital funding and government initiatives to expand and refurbish school facilities.

The government’s ongoing commitment to education infrastructure is further demonstrated by additional extensions and frameworks. In particular, the School Rebuilding Programme has been expanded to include 250 more schools, with funding for school and college maintenance projected to reach £2.9 billion by 2034-35. This initiative aims to improve the condition of school buildings nationwide, providing long-term certainty for the sector. Meanwhile, the Department for Education is preparing a new construction framework valued at approximately £15.4 billion (or £18.5 billion including VAT), set to replace an existing framework expiring later in 2025. This framework will cover a broad range of educational facilities across England, signalling continued robust public investment in the school estate.

Beyond rebuilding and refurbishing schools, the education construction sector also benefits from government backing for modernisation projects focused on sustainability, energy efficiency, and digital learning environments. University expansions continue in response to growing student numbers and research demands, although university project starts have been comparatively lower in the recent quarter. Industry reports highlight this institutional construction growth as part of a broader infrastructure investment trend in the UK, including transport and renewable energy sectors.

In summary, while recent quarterly data highlight a temporary contraction in education sector construction activity, the extensive government funding commitments and planned frameworks suggest a foundation for sustainable recovery and growth. The increased funding for school rebuilding, enhanced maintenance budgets, and strategic infrastructure frameworks collectively paint a picture of long-term government resolve to modernise and expand the UK's education estate, despite short-term fluctuations in project activity.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/), [[4]](https://education-property.com/news/a-mixed-outlook-for-education-construction/)
* Paragraph 2 – [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/), [[3]](https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html), [[2]](https://www.tes.com/magazine/news/general/250-more-schools-be-rebuilt-after-DfE-funding-extension)
* Paragraph 3 – [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/)
* Paragraph 4 – [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/)
* Paragraph 5 – [[4]](https://education-property.com/news/a-mixed-outlook-for-education-construction/), [[5]](https://education-property.com/news/education-construction-boom-in-2025/)
* Paragraph 6 – [[2]](https://www.tes.com/magazine/news/general/250-more-schools-be-rebuilt-after-DfE-funding-extension), [[7]](https://www.newcivilengineer.com/latest/department-for-education-readies-18-5bn-construction-framework-07-03-2025/)
* Paragraph 7 – [[6]](https://www.globenewswire.com/news-release/2025/05/19/3083757/28124/en/United-Kingdom-Construction-Industry-Report-2025-High-Speed-Rail-and-Renewable-Energy-Drive-UK-s-Infrastructure-Growth-3-8-Compound-Annual-Growth-Forecast-During-2025-2029.html), [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/), [[3]](https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html)
* Paragraph 8 – [[1]](https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/), [[2]](https://www.tes.com/magazine/news/general/250-more-schools-be-rebuilt-after-DfE-funding-extension), [[3]](https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html), [[7]](https://www.newcivilengineer.com/latest/department-for-education-readies-18-5bn-construction-framework-07-03-2025/), [[6]](https://www.globenewswire.com/news-release/2025/05/19/3083757/28124/en/United-Kingdom-Construction-Industry-Report-2025-High-Speed-Rail-and-Renewable-Energy-Drive-UK-s-Infrastructure-Growth-3-8-Compound-Annual-Growth-Forecast-During-2025-2029.html)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.constructionnews.co.uk/cn-intelligence/uk-construction-activity-july-2025-education-26-08-2025/> - Please view link - unable to able to access data
2. <https://www.tes.com/magazine/news/general/250-more-schools-be-rebuilt-after-DfE-funding-extension> - The UK government has announced an extension to the School Rebuilding Programme, adding 250 more schools to the initiative. This expansion is part of a broader infrastructure strategy, with funding for school and college maintenance set to reach £2.9 billion by 2034-35. The programme aims to address the condition of school buildings and provide long-term certainty for the education sector.
3. <https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html> - The UK government's Spending Review 2025 outlines significant investments in education infrastructure. It includes around £2.4 billion per year for the School Rebuilding Programme over the next four years, reaffirming the commitment to improve the school estate. Additionally, annual maintenance investment is set to rise to £2.3 billion in 2029-30, an increase of over £400 million compared to 2024-25.
4. <https://education-property.com/news/a-mixed-outlook-for-education-construction/> - The education construction sector experienced mixed performance in the three months to March 2025. Project starts declined by 37% year-on-year, and main contract awards decreased by 11%. However, detailed planning approvals increased by 17% compared to the previous year, indicating potential growth in the sector. The rise in planning approvals suggests a positive outlook for future activity.
5. <https://education-property.com/news/education-construction-boom-in-2025/> - The education sector is set to see a 3% increase in construction projects starting on-site in 2025, according to the latest Glenigan Construction Review. This growth is attributed to increased capital funding and a boost in school building projects. The report highlights the government's commitment to addressing the need for new school places and improving existing facilities.
6. <https://www.globenewswire.com/news-release/2025/05/19/3083757/28124/en/United-Kingdom-Construction-Industry-Report-2025-High-Speed-Rail-and-Renewable-Energy-Drive-UK-s-Infrastructure-Growth-3-8-Compound-Annual-Growth-Forecast-During-2025-2029.html> - The UK's institutional construction sector, including education infrastructure, is experiencing growth driven by government-backed projects. The School Rebuilding Programme is modernising outdated school facilities nationwide, focusing on energy efficiency and digital learning environments. University expansions are ongoing to accommodate growing student populations and research needs, indicating a positive outlook for the education construction sector.
7. <https://www.newcivilengineer.com/latest/department-for-education-readies-18-5bn-construction-framework-07-03-2025/> - The Department for Education (DfE) is preparing a construction framework valued at approximately £15.4 billion (£18.5 billion with VAT), set to replace the existing framework expiring in November 2025. This new framework will cover construction work on primary and secondary schools, special schools, and further education buildings across England, indicating continued investment in education infrastructure.